Supreme Court, U.S.
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87-2117

No. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

JAMESBURY CORP.,

Petitioner,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Of counsel:

RICHARD H. BERNEIKE
COMBUSTION ENGINEERING, INC.
1000 Prospect Hill Road
Windsor, Connecticut
06095-0500
(203) 285-9106

ROBERT C. MILLER
ARTHUR I. NEUSTADT
OBLON, FISHER, SPIVAK,
McCLELLAND & MAIER, P.C.
1755 Jefferson Davis Highway
Arlington, Va. 22202
(703) 521-5940

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

QUESTION PRESENTED FOR REVIEW

In federal civil procedure, can a party cross appeal if it won below?

The Federal Circuit answered no despite the fact that this Court's controlling precedent, which the Federal Circuit did not attempt to distinguish, is to the contrary. On the basis of its negative answer, the Federal Circuit cast aside the law of the case and approved the overturning of a prior decision even though there had been no substantive change in the interim.

THE PARTIES

The caption of the case contains the names of all parties. Jamesbury Corp. is a subsidiary of Combustion Engineering, Inc.

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OPINIONS BELOW

Jamesbury Corp. v. *Litton Industrial Products, Inc.*, 839 F.2d 1544 (Fed. Cir. 1988), appendix at 1a-24a. *Jamesbury Corp.* v. *Litton Industrial Products, Inc.*, 646 F. Supp. 1495 (D. Conn. 1986), appendix at 25a-36a.

JURISDICTIONAL STATEMENT

The Federal Circuit's opinion is dated February 10, 1988. The Federal Circuit's judgment is also dated February 10, 1988 but it was not issued until April 7, 1988. The Federal Circuit's order denying the petition for rehearing by the panel is dated March 31, 1988. The Federal Circuit's order denying the suggestion for rehearing in banc is dated April 13, 1988. This Court's jurisdiction is based on 28 U.S.C. §1254(1).

CONSTITUTIONAL PROVISIONS, ETC.

The case at bar does not involve interpretation of any constitutional provision, treaty, statute, ordinance or regulation.

STATEMENT OF THE CASE

The Federal Circuit's decision is based upon its holding that a party can not cross appeal if it won below. However, this Court's controlling precedent, as well as generally accepted principles of federal practice, provide that a party not only can, but should, cross appeal with respect to alternative grounds which would support a judgment in its favor in the event that the basis for the judgment entered below is not sustained on appeal. On the basis of its holding that there was no right to cross appeal, the Federal Circuit

cast aside the law of the case and approved the overturning of a prior decision even though there had been no substantive change in the interim.

In February, 1976, Jamesbury brought suit against Litton for patent infringement pursuant to 28 U.S.C. §1338. The patent is directed to a pioneer ball valve which was widely employed in the nuclear submarine fleet.[1] The patent was previously held valid and infringed by the Court of Claims in Jamesbury's suit against the United States.[2] Litton moved for summary judgment on the basis of laches. The issue was whether Jamesbury's letter to Contromatics (Litton's predecessor), advising of the Court of Claims litigation and the involvement of Contromatics' ball valves in that litigation, constituted sufficient notice that Jamesbury intended to protect its rights. The district court denied the motion, holding that Jamesbury's letter constituted sufficient notice.[3]

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[1] The Second Circuit, in the first appeal in this case, held it to be "a major innovation in the ball valve art." Jamesbury Corp. v. Litton Industrial Products, Inc., 586 F.2d 917, 922 (2d Cir. 1978), cert. denied, 440 U.S. 961 (1979). Early in the case, Litton convinced the district court that the Jamesbury patent was invalid on its face for "overclaiming" since its claims included old elements along with a new element. The Second Circuit reversed, recognizing without difficulty that "in a patent claim, more means less." *Id.* at 924.

[2] Jamesbury Corp. v. United States, 518 F.2d 1384 (Ct. Cl. 1975).

[3] The district court specifically held that, for purposes of summary judgment, Jamesbury gave sufficient notice of its "intention not to acquiesce in any infringement," Contromatics was on notice that Jamesbury "did not intend to sleep on its rights" and "Jamesbury did indicate that it intended to protect its rights under the patent." Jamesbury Corp. v. Litton Industrial Products, Inc., 427 F. Supp. 756, 759 (D. Conn. 1977).

The case went to trial. Litton presented its laches defense and moved for a directed verdict with respect thereto. The district court denied the motion. The jury, after receiving prejudicial jury instructions, held the patent invalid.

Jamesbury, in the second appeal in this case (this petition is directed to the third appeal in this case), appealed on the basis of the prejudicial jury instructions and also on the basis that there was no substantial evidence to support the jury's verdict. Litton failed to cross appeal the denial of its motion for a directed verdict as to laches even though a successful appeal on that issue would have provided an alternative basis for the district court's judgment in the event that the invalidity determination was not sustained.

The Federal Circuit reversed the invalidity determination—holding that the jury instructions were prejudicial and that, in any event, there was no substantial evidence to support the jury's verdict.[4] The Federal Circuit directed that judgment n.o.v. of validity be entered in Jamesbury's favor.

As soon as the case was returned to the district court, Litton again moved for summary judgment as to laches. Litton offered no new evidence and merely relied upon the trial record in support of its motion, the same trial record which the district court had

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[4] Jamesbury Corp. v. Litton Industrial Products, Inc., 756 F.2d 1556 (Fed. Cir. 1985). Litton had convinced the district court to instruct the jury that it was their "duty" to subject the Jamesbury patent "to careful scrutiny" before "endorsing" Jamesbury's "patent monopoly." *Id.* at 1558.

previously held provided no basis for a directed verdict and which holding Litton failed to cross appeal.[5]

In response to Litton's motion, Jamesbury pointed out that the law of the case dictated that Litton was not entitled to summary judgment (or a directed ver-

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[5] There was no difference between Litton's motion for a directed verdict and its second motion for summary judgment since they were based on the same record. There was a non controlling difference between Litton's first motion for summary judgment and its second. Litton's second motion added to Litton's first motion the fact that Jamesbury sued the U.S. for infringement for valves manufactured for the U.S. by various suppliers, one of whom was Contromatics. Jamesbury filed suit against the U.S. four years prior to Jamesbury's notice to Contromatics concerning Contromatics' commercial (non U.S.) manufacture. There was no evidence that Contromatics had any commercial manufacture prior to Jamesbury's notice. Litton did not assert that Jamesbury should have sued Contromatics for its U.S. manufacture since such a suit is clearly prohibited by statute, 28 U.S.C. §1498. As a result this was not an issue below. However, the district court, on its own, held that Jamesbury should have sued Contromatics when it became aware of Contromatics' U.S. manufacture. The district court and the panel relied upon undisputed fact number 5 (appendix at 8a) but this fact specifically relies upon Jamesbury's suit against the U.S. which involved manufacture for the U.S. and not commerical manufacture. Further, if there was any question concerning this, it was required to be resolved in Jamesbury's favor as the party opposing summary judgment. When Jamesbury pointed this out in its brief, Litton asserted that this could not be considered because it was not considered below and the Federal Circuit agreed despite the fact that it was not an issue below. Nonetheless, this four year period is of little moment since the Federal Circuit's decision is based upon the adequacy of the notice and this issue is wholly separate from this period. Further, a delay less than the statutorily prescribed six years (35 U.S.C. §286) is presumptively reasonable. Leinoff v. Louis Milona & Sons, Inc., 726 F.2d 734, 741-42 (Fed. Cir. 1984).

dict) as to laches and that applicable Second Circuit as well as Federal Circuit precedent dictated that the law of the case must be followed unless there is "an intervening change of controlling law, the availability of new evidence or the need to correct a clear error or prevent manifest injustice."[6] Litton did not dispute that none of these factors was present.

With respect to the fact that the Federal Circuit, in the second appeal in this case, had not addressed the propriety of the denial of Litton's motion for summary judgment or Litton's motion for a directed verdict, Jamesbury pointed out that the controlling law in the Second Circuit was that "[i]t would be absurd that a party who has chosen not to argue a point on a first appeal should stand better as regards the law of the case than one who had argued and lost."[7]

Nonetheless, and even though the facts concerning notice were exactly the same as those previously considered since they were restricted to Jamesbury's notice letter to Contromatics which, of course, had not changed, the district court granted Litton's motion—holding that the letter was insufficient, even on summary judgment where all questions of fact had to be resolved against Litton.[8]

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[6] Doe v. New York City Dept. of Social Services, 709 F.2d 782, 789 (2d Cir.), cert. denied, 104 S.Ct. 195 (1983); Central Soya Co. v. Geo. A. Hormel & Co., 723 F.2d 1573, 1580 (Fed. Cir. 1983).

[7] Fogel v. Chestnutt, 668 F.2d 100, 109 (2d Cir. 1981), cert. denied, 459 U.S. 828 (1982).

[8] Jamesbury Corp. v. Litton Industrial Products, Inc., 646 F. Supp. 1495 (D. Conn. 1986), appendix at 25a-36a.

The Federal Circuit, in the third appeal in this case, affirmed. It justified its refusal to give effect to the law of the case by specifically holding that Litton had no right to cross appeal the denial of its motion for a directed verdict.[9] The Federal Circuit offered two grounds for its conclusion. First, it held that, since the jury verdict was only on validity, Litton could not file a cross appeal with respect to laches.[10] However, although interlocutory orders such as the denial of a motion for a directed verdict are not *immediately* appealable, they are appealable when there is a final judgment because they merge with the judgment even though the judgment does not specify that issue. If this were not so, such orders would never be appealable. Second, the Federal Circuit held that Litton could not cross appeal because it had won below.[11] However, although there may be no right to *appeal* where one has won below, there is no similar prohibition against a *cross appeal*. Had the Federal Circuit correctly concluded that Litton had a right to cross appeal, it would have been required to give effect to the law of the case which would have necessitated judgment in Jamesbury's favor.

ARGUMENT

Not only could Litton have cross appealed, it should have cross appealed. This Court has specifically stated that there is no reason why an appellee should not cross appeal with respect to a ruling of law at trial (such as the denial of a motion for a directed verdict)

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[9] Appendix at 10a-11a.

[10] *Id.* at 11a.

[11] *Id.*

which would provide an alternative ground for supporting a judgment in his favor. As set forth in *Montgomery Ward & Co.* v. *Duncan*, 311 U.S. 243, 254 (1940),

> This being so, we see no reason why the appellee may not, and should not, cross-assign error in the appellant's appeal to rulings of law at the trial, so that if the appellate court reverses the order for judgment n.o.v., it may pass on the errors of law which the appellee asserts nullify the judgment on the verdict. [footnote omitted]

Similarly, the leading commentators on federal practice and procedure point out that, although such rulings are not *immediately* appealable, they are appealable when they merge into the final judgment (such as the final judgment of invalidity entered by the district court on the jury's verdict).

> As a consequence the trial court's rulings on . . . are non-appealable and generally subject to review only on appeal after the entry of a judgment terminating the action, into which the interlocutory rulings are merged.[12]

> Rulings rendered during the course of trial are paradigms of nonfinality. Immediate appeal would be grossly disruptive of any orderly trial process. Review must await entry of a final judgment.[13]

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[12] 9 J. MOORE, B. WARD & J. LUCAS, MOORE'S FEDERAL PRACTICE ¶110.07, at 108-09 (2d ed. 1987).

[13] 15 C. WRIGHT, A. MILLER & E. COOPER, FEDERAL PRACTICE AND PROCEDURE §3915, at 591 (1976).

The Federal Circuit did not even attempt to distinguish this Court's controlling *Montgomery Ward* decision. Further, non Supreme Court authority cited by the Federal Circuit, *Koniag, Inc., Village of Uyak* v. *Andrus*, 580 F.2d 601, 605 n.3 (D.C. Cir.), *cert. denied*, 439 U.S. 1052 (1978), not only does not support its decision, but refers to Supreme Court precedent which, also, is contrary to its decision—*Dandridge* v. *Williams*, 397 U.S. 471, 475 n.6 (1970) which specifically provides that a prevailing party (such as Litton) can assert in the appellate court, *even without taking a cross appeal*, any ground in support of his judgment (such as a denied motion for a directed verdict or a denied motion for summary judgment) even if not relied upon by the trial court.

> The prevailing party may, of course, assert in a reviewing court any ground in support of his judgment, whether or not that ground was relied upon or even considered by the trial court. Compare [citation omitted] with [citation omitted]. As the [Supreme] Court said in [citation omitted]: "[I]t is likewise settled that the appellee may, without taking a cross-appeal, urge in support of a decree any matter appearing in the record, although his argument may involve an attack upon the reasoning of the lower court or an insistence upon matter overlooked or ignored by it. . . ."

Since Litton could have cross appealed, the next question is whether its failure to cross appeal puts it in a better position than had it cross appealed and lost. Since this is not a patent law question, the law of the Second Circuit controls. *Panduit Corp.* v. *All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574-76 (Fed.

Cir. 1984). That law, as stated by Judge Friendly, provides in no uncertain terms that

> It would be absurd that a party who has chosen not to argue a point on a first appeal should stand better as regards the law of the case than one who had argued and lost.[14]

Although legally immaterial since Second Circuit law controls, it is of interest to note that this law has been followed elsewhere.

> Failure to follow this rule would lead to the bizzare result, as stated admirably by Judge Friendly, "that a party who has chosen not to argue a point on a first appeal should stand better as regards the law of the case than one who has argued and lost."[15]

The next question, also controlled by Second Circuit law since it does not relate to a patent matter, is the effect to be given the law of the case. Here, again, the Second Circuit has spoken with clarity.

> We have repeatedly stated we will not depart from this sound policy absent "cogent" or "compelling" reasons.[16]

> The major grounds justifying reconsideration are "an intervening change of controlling law, the availability of new evidence, or the

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[14] Fogel v. Chestnutt, 668 F.2d 100, 109 (2d Cir. 1981), cert. denied, 459 U.S. 828 (1982).

[15] Laffey v. Northwest Airlines, Inc., 740 F.2d 1071, 1089-90 (D.C. Cir. 1984), cert. denied, 105 S.Ct. 939 (1985).

[16] Doe v. New York City Dept. of Social Services, 709 F.2d 782, 789 (2d Cir.), cert. denied, 104 S.Ct. 195 (1983).

> need to correct a clear error or prevent manifest injustice."[17]

It is not disputed that Litton asserted none of these grounds.

The law in the Federal Circuit is no different. The law of the case is "a heavy deterrent to vacillation on arguable issues" and it should be applied "unless one of three 'exceptional circumstances' exists: 'the evidence on a subsequent trial was substantially different, controlling authority has since made a contrary decision of the law applicable to such issues, or the decision was clearly erroneous and would work a manifest injustice.' "[18] None of these exceptional circumstances was asserted by Litton.

Had the Federal Circuit correctly concluded that Litton could have appealed, it would have concluded that the law of the case was applicable and that it could not depart therefrom since Litton did not allege any recognized ground permitting a departure from the law of the case.

This Court's rule 17(c) provides that an important consideration governing the grant or denial of a petition for a writ of certiorari is whether a federal court of appeals "has decided a federal question in a way in conflict with applicable decisions of this Court."

It is hardly open to dispute that the Federal Circuit's decision that a party who has won below has no right to cross appeal is in sharp and irreconcilable

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[17] *Id.*

[18] Central Soya Co. v. Geo A. Hormel & Co., 723 F.2d 1573, 1580 (Fed. Cir. 1983).

conflict with both the *Montgomery Ward* and *Dandridge* decisions of this Court.

That this is an important point of federal civil procedure is, also, hardly open to dispute. In these days of overcrowded dockets and of discussion of removing diversity from federal jurisdiction in order to reduce the federal case load, it is important that, whenever possible, all issues be considered in a first appeal so that a case can be concluded without the necessity of second and subsequent appeals. The Federal Circuit's holding, contrary to this Court's applicable decisions, that a prevailing party has no right to cross appeal, precludes the attainment of this objective. Likewise, in order to conserve valuable judicial resources, it is important that an issue be tried only once unless there is a strong showing of changed circumstance. The Federal Circuit's holding encourages just the opposite by permitting an issue, already once tried, to be tried again with no change in circumstance as long as the issue was withheld from a prior appeal.

For the forgoing reasons, it is respectfully requested that the petition for writ of certiorari be granted.

Respectfully submitted,

ROBERT C. MILLER
ARTHUR I. NEUSTADT
OBLON, FISHER, SPIVAK,
McCLELLAND & MAIER, P.C.
1755 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 521-5940

Of counsel:

RICHARD H. BERNEIKE
COMBUSTION ENGINEERING, INC.
1000 Prospect Hill Road
Windsor, Connecticut 06095-0500
(203) 285-9106

APPENDIX

APPENDIX A

United States Court of Appeals for the Federal Circuit

87-1106

JAMESBURY CORP.,
Plaintiff-Appellant,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Defendant-Appellee.

DECIDED: February 10, 1988

Before SMITH, NIES, and ARCHER, *Circuit Judges.*

SMITH, *Circuit Judge.*

Jamesbury Corp. (Jamesbury) sued Litton Industrial Products, Inc. (Litton), for infringement of its patent, United States patent No. 2,945,666 (the '666 patent). The United States District Court for the District of Connecticut granted summary judgment in favor of Litton on the issues of laches and estoppel.[1] We affirm.

Issues

(1) Whether the district court erred in holding that the law of the case doctrine did not preclude it from reconsidering the initial denial of summary judgment in light of the subsequent history of the case.

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[1] *Jamesbury Corp.* v. *Litton Indus. Prods., Inc.*, 646 F. Supp. 1495, 1 USPQ2d 1717 (D. Conn. 1986).

(2) Whether the district court erred in holding that Jamesbury was barred by laches from recovering damages which occurred prior to the filing of its complaint.

(3) Whether the district court erred in holding that Jamesbury's suit for infringement was barred by equitable estoppel.

I. Background

(A) Litigation Involving the '666 Patent.

The '666 patent, which relates to the manufacture of ball valves, was issued on July 19, 1960, and assigned to Jamesbury. The '666 patent has been the subject of numerous suits since 1962. First, Jamesbury sued Pacific Valves, Inc. (Pacific Valves), for infringement in New Jersey in February 1962. Then, on July 10, 1963, Jamesbury filed suit against the United States in the Court of Claims for infringement, alleging that "the defendant has used numerous ball valves embodying the invention manufactured by Electric Boat Division, General Dynamics Corp., Groton, Connecticut, by Pacific Valves, Inc., Long Beach, California, and others." On December 16, 1963, in response to a Government request to identify the "others," Jamesbury named 10 companies, including Worcester Valve Co. (Worcester Valve) and Litton's predecessor in interest, UTD Corp., Contromatics Division (Contromatics).[2]

The Pacific Valves litigation was settled, and the case was dismissed in April 1965. In May 1965, Jamesbury filed suit against Worcester Valve in Massachusetts, and against the Lunkenheimer Co. in Ohio. The Court of Claims action was amended in June 1965 to name Worcester Valve spe-

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[2] Contromatics Corp. began operations in 1961. UTD Corp. purchased Contromatics in 1967. Litton Industries, Inc., then purchased UTD Corp. in 1968.

cifically as an infringer. On May 16, 1967, Commissioner Lane issued a recommended decision in the Court of Claims case finding that claims 7 and 8 of the patent were valid and infringed by the Government's use of valves made by Worcester Valve and Electric Boat Division. Jamesbury also filed a declaratory judgment action in Texas against KTM Industries on October 30, 1970.[3]

Jamesbury's ownership of the '666 patent was challenged in the Worcester Valve litigation by an intervenor, the E. W. Bliss Co. The district court severed the ownership issue, and the Worcester Valve, Lunkenheimer, and Court of Claims cases were stayed pending determination of ownership. The United States Court of Appeals for the First Circuit affirmed the district court's determination that Jamesbury was the rightful owner of the '666 patent on May 26, 1971.[4] On June 29, 1971, Jamesbury moved to remand the Court of Claims case to its trial division for further proceedings and findings on a question of inventorship, raised in the Worcester Valve case but not decided, and on additional prior art brought up by Worcester Valve in settlement negotiations. This motion was granted on October 1, 1971. The Worcester Valve litigation was settled in March 1972.

On September 20, 1974, Trial Judge Colaianni issued a supplemental opinion in the Court of Claims case concluding that claims 7 and 8 of the patent were valid and infringed. The Court of Claims affirmed and adopted the opinions of Commissioner Lane and Judge Colaianni on July 11, 1975.[5] In February 1980, Judge Colaianni filed a recommended decision assessing damages of $10.2 million.

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[3] This case was dismissed in 1980 for lack of jurisdiction. *Jamesbury Corp.* v. *Kitamura Valve Mfg. Co.*, 484 F. Supp. 533 (S.D. Tex. 1980).

[4] *Jamesbury Corp.* v. *Worcester Valve Co.*, 443 F.2d 205, 170 USPQ 177 (1st Cir. 1971).

[5] *Jamesbury Corp.* v. *United States*, 518 F.2d 1384, 187 USPQ 720 (Ct. Cl. 1975).

Of the total, 20 percent was attributable to ball valves manufactured by Contromatics.[6] The case was later settled for $8 million.

(B) The Litton Litigation.

Jamesbury wrote to the president of UTD Corp. on October 12, 1967, advising him that, in the opinion of Jamesbury's Engineering Department, Contromatics' ball valves infringed the '666 patent and that Jamesbury was prepared to discuss a licensing agreement. On October 31, 1967, UTD responded that its patent attorneys had studied the patent and has concluded that there was no infringement. UTD suggested a meeting with Jamesbury to discuss the issue. Jamesbury accepted UTD's invitation in a letter which included a copy of Commissioner Lane's ruling in the Court of Claims action. The letter noted that the patent had been held valid and infringed by the Government which "purchases its valves from various suppliers." It closed with a statement that Jamesbury's patent attorney was available to discuss its position with UTD's attorneys. A meeting was held in December, but the issue was not resolved. On January 5, 1968, Jamesbury wrote to UTD that

> [w]e have reported your position to our attorneys and the subject is under careful consideration.

Jamesbury had no further contact with UTD until this suit was filed on February 10, 1976.

Litton moved for dismissal based on the defenses of laches and equitable estoppel. Judge Blumenfeld, the district court judge originally assigned to this case, treated it as a motion for summary judgment since both parties

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[6] The only valves actually determined to be infringing were the products of parties specifically named in the Court of Claims suit. However, after the court ruled in Jamesbury's favor on the infringement issue, the Government apparently conceded liability for the Contromatics valve which was then included in the damage phase of the case.

relied on affidavits and other matters outside the pleadings. The motion was denied because the court determined that there were triable issues of fact concerning both defenses.[7] Litton then moved for summary judgment on the ground that claims 7 and 8 were invalid for overclaiming. Judge Blumenfeld granted this motion, but the Second Circuit reversed because the test used by the district court to determine the patentability of a combination having a novel element was too narrow.[8]

The case was tried during September 1983. At the close of the evidence, Litton moved for a directed verdict on several issues, including laches. Its motions were denied, and the case was submitted to the jury. The jury returned a verdict for Litton, responding to a special interrogatory that the claims were invalid for lack of novelty. The jury did not reach any other issue because of the way the interrogatories were constructed.[9] Jamesbury appealed the

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[7] *Jamesbury Corp.* v. *Litton Indus. Prods., Inc.*, 427 F. Supp. 756, 195 USPQ 565 (D. Conn. 1977).

[8] *Jamesbury Corp.* v. *Litton Indus. Prods., Inc.*, 442 F. Supp. 266, 196 USPQ 544 (D. Conn. 1977), *rev'd*, 586 F.2d 917, 199 USPQ 641 (2d Cir. 1978), *cert. denied*, 440 U.S. 961 (1979).

[9] Jury interrogatory No. 1 read as follows:

"Does the ball valve construction shown and described in the Saunders British patent or any other prior art differ in any significant particulars from the ball valve defined by the express language of claims 7 and 8 of the Freeman patent?

"As to claim 7 Yes No X

"As to claim 8 Yes No X

• • • •

"If you answer 'No' as to both claim 7 and claim 8, do not answer any further questions."

The remaining questions were directed to infringement, laches, estoppel and damages. In accordance with the above direction, the jury answered only interrogatory No. 1.

invalidity determination to this court. Litton did not cross-appeal the denial of its motion for a directed verdict on the laches issue which Jamesbury asserts here it should have done. We reversed the invalidity judgment, concluding that the jury instructions had been prejudicial. We also held that the district court erred in not granting Jamesbury's motion for judgment n.o.v. with respect to validity. The case was remanded for disposition of the other issues raised at trial.[10]

On remand, Jamesbury requested that Judge Blumenfeld recuse himself which he did, and the case was reassigned to Judge Dorsey. Litton moved for summary judgment on the issues of laches, estoppel, and prejudgment interest. Judge Dorsey granted the motion on the defenses of laches and estoppel. Jamesbury appeals the November 5, 1986, grant of summary judgment by the district court on the laches and estoppel defenses.

II. Summary Judgment

Summary judgment, in a patent case as in any other type of case, is appropriate when there are no genuine issues of material fact and the movant is entitled to judgment as a matter of law.[11] The district court must view the evidence in the light most favorable to the nonmoving party, and any doubt as to the existence of issues of material fact must be resolved in favor of the party opposing

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[10] *Jamesbury Corp.* v. *Litton Indus. Prods., Inc.*, 756 F.2d 1556, 225 USPQ 253 (Fed. Cir. 1985).

[11] *Hodosh* v. *Block Drug Co.*, 786 F.2d 1136, 1141, 229 USPQ 182, 186 (Fed. Cir.), *cert. denied*, 107 S. Ct. 106 (1986); *Barmag Barmer Maschinenfabrik AG* v. *Murata Mach., Ltd.*, 731 F.2d 831, 835, 221 USPQ 561, 564 (Fed. Cir. 1984); *D. L. Auld Co.* v. *Chroma Graphics Corp.*, 714 F.2d 1144, 1146, 219 USPQ 13, 15 (Fed. Cir. 1983); *Chore-Time Equip., Inc.* v. *Cumberland Corp.*, 713 F.2d 774, 778-79, 218 USPQ 673, 675 (Fed. Cir. 1983).

the motion.[12] The movant bears the burden of demonstrating the absence of any genuine issue of material fact.[13] However, when the movant has supported his motion as provided by Fed. R. Civ. P. 56(c), then the opposing party has the burden of coming forward with evidence directed to specific facts showing that there is a genuine issue for trial.[14] Mere denials or conclusory statements are not sufficient.[15]

In reviewing the grant of summary judgment, we must determine whether the district court erred in concluding that there were no genuine issues of fact, and that Litton was entitled to judgment as a matter of law.[16] In support of its motion for summary judgment, Litton submitted a list of 26 "Undisputed Facts." These "facts" came from admissions by Jamesbury, from responses to discovery requests, and from depositions and trial testimony. Jamesbury failed to challenge any of the facts in its response to Litton's motion. Instead, its statement identifying the issues of material fact for trial (required by local rule) is supported solely by statements taken from the district court's earlier opinion denying summary judgment. Nothing which appears in Jamesbury's statement identifies any specific evidence raising a disputed issue of material fact. Therefore, the district court did not err in concluding that

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[12] *Petersen Mfg. Co.* v. *Central Purchasing, Inc.*, 740 F.2d 1541, 1546, 222 USPQ 562, 565-66 (Fed. Cir. 1984); *Union Carbide Corp.* v. *American Can Co.*, 724 F.2d 1567, 1571, 220 USPQ 584, 588 (Fed. Cir. 1984).

[13] *Hodosh*, 786 F.2d at 1141, 229 USPQ at 186.

[14] Fed. R. Civ. P. 56(e); *see Celotex Corp.* v. *Catrett*, 106 S. Ct. 2548, 2554 (1986); *Sweats Fashions, Inc.* v. *Pannill Knitting Co.*, No. 87-1229, slip op. at 5 (Fed. Cir. Nov. 13, 1987); *Chemical Eng'g Corp.* v. *Essef Indus., Inc.*, 795 F.2d 1565, 1571, 230 USPQ 385, 389 (Fed. Cir. 1986).

[15] *Hodosh*, 786 F.2d at 1141, 229 USPQ at 186.

[16] *See Lemelson* v. *TRW, Inc.*, 760 F.2d 1254, 1260, 225 USPQ 697, 701 (Fed. Cir. 1985).

there were no factual disputes precluding summary judgment.

Jamesbury claims the district court erroneously assumed that (1) there was infringement by Contromatics beginning in 1963 and (2) Jamesbury was aware of it because in 1963 Jamesbury asserted that valves made by Contromatics for the Government infringed Jamesbury's patent. Jamesbury argues that it could not have charged Contromatics with infringement in 1963 because, by virtue of 28 U.S.C. § 1498 (1982),[17] the Government was infringing, not Contromatics. The problem with this argument is that the district court did not *assume* what Jamesbury suggests that it did. The court simply relied on the "Undisputed Facts" which Litton had presented in support of its motion for summary judgment and which Jamesbury had not challenged.[18] Undisputed Fact No. 5 is a clear and unequivocal

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[17] 28 U.S.C. § 1498(a) provides in pertinent part:

"Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Claims Court for the recovery of his reasonable and entire compensation for such use and manufacture."

[18] Undisputed Fact No. 5 states:

"Jamesbury became convinced that Contromatics was infringing the patent-in-suit no later than December of 1963. On July 10, Jamesbury filed suit against the U.S. Government in the Court of Claims for infringement of the patent-in-suit, alleging in part:

> "The defendant . . . has used numerous ball valves embodying the invention manufactured by Electric Boat Division, General Dynamics Corp., Groton, Connecticut, by Pacific Valves, Inc., Long Beach, California, *and others*.

(emphasis added). In response to a request by the Government to identify 'the others' mentioned in the complaint, on December 16, 1963 Jamesbury identified ten companies, including Contromatics and Worcester Valve." • • •

allegation that *Contromatics* was infringing in 1963. If Jamesbury wanted to challenge that allegation by claiming that it was unaware of nongovernmental infringing sales by Contromatics, it should have done so in the district court. Moreover, as Litton points out, the record does not support the restricted interpretation of the admission now asserted by Jamesbury. Jamesbury cannot raise the issue in this court because it failed to raise the question in the district court. As the court explained in *Chemical Engineering Corp.* v. *Essef Industries, Inc.*:[19]

> [W]here a non-movant has failed to establish specific fact issues in response to a Rule 56 motion, he cannot later be heard to attack the judgment on the basis of matters that, had he but raised them earlier, might have precluded its grant. * * *

Having determined that the district court did not err in concluding there were no genuine issues of material fact left for trial, we must now decide if the court erred in holding that Litton was entitled to judgment as a matter of law.

III. The Law of the Case Doctrine

Jamesbury contends the law of the case on the issue of laches was established by the denial of Litton's original motion for summary judgment, and the denial of its motion for a directed verdict and failure to cross-appeal therefrom. According to Jamesbury, the law of the case is that laches is inappropriate for summary judgment, and the district court erred in departing from the law of the case in granting Litton's current motion for summary judgment.

The law of the case is a judicially created doctrine, the purposes of which are to prevent the relitigation of issues that have been decided and to ensure that trial courts

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[19] *Chemical Eng'g*, 795 F.2d at 1571, 230 USPQ at 390.

follow the decisions of appellate courts.[20] The doctrine requires a court to follow the decision on a question made previously during the case. It is applied more or less strictly depending on the circumstances of the case. When a judgment of a trial court has been appealed, the decision of the appellate court determines the law of the case, and the trial court cannot depart from it on remand.[21] At the trial level however, the law of the case is "little more than a management practice to permit logical progression toward judgment."[22] Orderly and efficient case administration suggests that questions once decided not be subject to continued argument, but the court has the power to reconsider its decisions until a judgment is entered.[23]

The district court rejected Jamesbury's law of the case argument because neither the denial of the motion for directed verdict nor the original summary judgment motion had conclusively addressed Litton's arguments. Jamesbury argues that the district court erred because it did not consider the "crucial fact" that Litton failed to cross-appeal the denial of the directed verdict. But Litton's failure to cross-appeal the denial of its motion for a directed verdict on laches has no effect on the law of the case for the simple reason that Litton could not have cross-appealed

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[20] 1B J. MOORE, J. LUCAS, T. CURRIER, MOORE'S FEDERAL PRACTICE, ¶ 0.404[1] at 117-18 (2d ed. 1984). This court has recognized that the law of the case doctrine applies in patent cases. *See, e.g., Smith Int'l, Inc.* v. *Hughes Tool Co.*, 759 F.2d 1572, 1576, 225 USPQ 889, 891 (Fed. Cir. 1985). Second Circuit law applies to the law of the case doctrine because it is a procedural matter not unique to patent law. *Panduit Corp.* v. *All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574-75, 223 USPQ 465, 471 (Fed. Cir. 1984).

[21] *United States* v. *Cirami*, 563 F.2d 26 (2d Cir. 1977).

[22] 1B MOORE'S FEDERAL PRACTICE ¶ 0.404[1] at 118.

[23] *First Nat'l Bank of Hollywood* v. *American Foam Rubber Corp.*, 530 F.2d 450 (2d Cir.), *cert. denied*, 429 U.S. 858 (1976).

that ruling. Only judgments can be appealed,[24] and the judgment in this case was of the invalidity of the patent. No judgment was entered on the laches defense, so Litton could not have cross-appealed the denial of its motion for directed verdict on that issue.[25] In addition, only a party adversely affected by a judgment can appeal,[26] and Litton was not adversely affected by the invalidity judgment. Therefore, it is clear that Litton could not have cross-appealed the denial of its motion for directed verdict on laches, and its failure to do so has no effect on the law of the case.

As the district court noted, there is a judicial preference in favor of granting a judgment n.o.v. over a directed verdict. The rationale behind the preference is the effect of an appellate court's reversal of a judgment in each situation. With a directed verdict, the entire case must be retried if the judgment is overturned, while with a judgment n.o.v., the jury verdict can be entered as the judgment should the appellate court reverse. Thus, it is in the interest of efficient judicial administration for a court to withhold ruling on a motion for directed verdict in favor of deciding a motion for judgment n.o.v.[27] Therefore, the district court was correct in holding that the denial of Litton's motion for directed verdict on laches did not conclusively determine that issue.

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[24] *See Railroad Dynamics, Inc.* v. *A. Stucki Co.*, 727 F.2d 1506, 1510, 220 USPQ 929, 934 (Fed. Cir.), *cert. denied*, 469 U.S. 871 (1984).

[25] *See DMI, Inc.* v. *Deere & Co.*, 802 F.2d 421, 422, 231 USPQ 276, 276 (Fed. Cir. 1986).

[26] *Public Serv. Comm'n* v. *Brashear Freight Lines, Inc.*, 306 U.S. 204 (1939); *Koniag, Inc., Village of Uyak* v. *Andrus*, 580 F.2d 601, 605 n.3 (D.C. Cir.), *cert. denied*, 439 U.S. 1052 (1978); *Chouinard* v. Chouinard, 568 F.2d 430, 433 (5th Cir. 1978).

[27] *Mattivi* v. *South African Marine Corp.*, 618 F.2d 163, 166 n.2 (2d Cir. 1980).

Jamesbury also argues that the denial of the original summary judgment motion in 1977 established the law of the case that the laches question was inappropriate for summary judgment, and that the district court erred in reconsidering the motion. Jamesbury contends that the grounds justifying reconsideration of a prior decision by a court are an intervening change of controlling law, the availability of new evidence, or the need to correct a clear error or prevent manifest injustice, and that Litton did not assert any of these grounds. However, the cases cited by Jamesbury all relate to an appellate court reconsidering its own decision[28] or the decision of another appellate court.[29] As discussed above, there are different facets to the law of the case doctrine depending on the circumstances involved in the particular case. The standard to be applied by a district court in reconsidering a motion for summary judgment was set out in *Corporacion de Mercadeo Agricola* v. *Mellon Bank International*:[30]

> [O]n a renewed motion for summary judgment before a second judge, the district court must balance the need for finality against the forcefulness of any new evidence and the demands of justice. With respect to a non-appealable denial of summary judgment, the law of the case is not a limit on the court's jurisdiction, but a rule of practice which may be departed from in the sound

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[28] *Laffey* v. *Northwest Airlines, Inc.*, 740 F.2d 1071 (D.C. Cir. 1984), *cert. denied*, 469 U.S. 1181 (1985); Doe v. *New York City Dep't of Social Servs.*, 709 F.2d 782 (2d Cir.), *cert. denied*, 464 U.S. 864 (1983); *Fogel* v. *Chestnutt*, 668 F.2d 100 (2d Cir. 1981), *cert. denied*, 459 U.S. 828 (1982); *Short* v. *United States*, 661 F.2d 150 (Ct. Cl. 1981), *cert. denied*, 455 U.S. 1034 (1982).

[29] *Central Soya Co.* v. *Geo. A. Hormel & Co.*, 723 F.2d 1573, 220 USPQ 490 (Fed. Cir. 1983).

[30] *Corporacion de Mercadeo Agricola* v. *Mellon Bank Int'l*, 608 F.2d 43, 48 (2d Cir. 1979) (citing *Dictograph Prods. Co.* v. *Sonotone Corp.*, 230 F.2d 131 (2d Cir.), *cert. dismissed*, 352 U.S. 883 (1956)).

> discretion of the district court. The first judge always has the power to change a ruling; further reflection may allow a better informed ruling in accordance with the conscience of the court. *A fortiori,* if the first judge can change his mind after denying summary judgment, and change his ruling, a second judge should have and does have the power to do so as well.

The district court concluded that the long history of this case, which includes a full jury trial, required it to consider events subsequent to the original denial. Jamesbury's only response to this controlling case law was to argue that the court's balancing was wrong because it considered the delay from 1963 to 1967. Jamesbury argues that this was not really a delay because the Government, not Contromatics, was infringing during that time, and it was presumptively reasonable because it was less than 6 years. As was discussed previously, the court did not err in considering the 1963 to 1967 period.

This case was before the district court for 9 years, and much is known now that was not known at the time of the original motion. A full trial has been held, and Jamesbury had the opportunity to present all of the evidence it had on the laches defense. The only reason this issue was not resolved at trial is the phrasing of the jury instructions. Therefore, the district court did not err in considering all of the evidence in the record in deciding the second summary judgment motion.

IV. Laches

Laches is an equitable defense which depends on consideration of all of the facts in the particular case. It is a matter within the trial court's discretion and will not

be set aside absent a showing of abuse of discretion.[31] As applied in patent infringement cases, it bars recovery of damages for any infringement occurring prior to the filing of the suit. In order to establish a laches defense, the defendant must prove an unreasonable and inexcusable delay in the assertion of the claim and material prejudice to the defendant resulting from the delay.[32] Where the delay in filing the suit exceeds 6 years, the court will presume the delay was unreasonable and prejudicial to the defendant. The burden is then on the patent owner to prove the existence and reasonableness of an excuse for the delay, as well as to show the lack of prejudice to the infringer.[33]

Both Jamesbury and Litton agree that the presumption applies in this case, but they disagree as to the length of the delay. Jamesbury claims the delay is only 8 years, from the time it contacted Contromatics about infringement in 1967–68 until it filed suit in 1976. Litton, on the other hand, argues that the delay is 12 years, running from the time Jamesbury named Contromatics as producing infringing valves for the Government in the Court of Claims action in 1963 until it filed suit. In determining the length of delay for laches, a court must look at the time the patentee knew, or in the exercise of reasonable diligence should have known, of the alleged infringing activity.[34] Here, Jamesbury either knew, or should have

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[31] *Watkins* v. *Northwestern Ohio Tractor Pullers Ass'n*, 630 F.2d 1155, 1163 (6th Cir. 1980); *Studiengesellschaft Kohle* v. *Eastman Kodak Co.*, 616 F.2d 1315, 1325, 206 USPQ 577, 586 (5th Cir.), *cert. denied*, 449 U.S. 1014 (1980).

[32] *Leinoff* v. *Louis Milona & Sons, Inc.*, 726 F.2d 734, 741, 220 USPQ 845, 850 (Fed. Cir. 1984); *A. C. Aukerman Co.* v. *Miller Formless Co.*, 693 F.2d 697, 699, 216 USPQ 863, 864 (7th Cir. 1982).

[33] *Leinoff*, 726 F.2d at 741-42, 220 USPQ at 850.

[34] *Jensen* v. *Western Irrigation & Mfg., Inc.*, 650 F.2d 165, 168 (9th Cir. 1980).

known, of Contromatics' infringement in 1963 since it named Contromatics in the Court of Claims case as an infringer at that time. Therefore, the district court correctly considered the length of Jamesbury's delay for purposes of laches to be 12 years.

The burden was thus on Jamesbury to excuse its delay. Jamesbury alleges that its involvement in other litigation constitutes an adequate excuse for its delay in suing Litton. Many courts have recognized that involvement in other enforcement litigation may excuse a patentee's delay in suing an alleged infringer.[35] In *Leinoff* v. *Louis Milona & Sons, Inc.*,[36] this court suggested that litigation involving the patent might be an adequate excuse for delay in filing suit in the proper circumstances.

> It may well be, though we do not now so hold, that suit on one or more test cases, instead of suing every known infringer, was reasonable in light of the high cost of patent litigation and the comparatively moderate amounts recoverable by our patentee per infringer, and if the infringers understood there was no intent to condone their infringements. * * *

We hold that a patentee's involvement in litigation against one or more infringers may excuse delay in enforcing the patent against another infringer if the infringer under-

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[35] *See, e.g., Clair* v. *Kastar, Inc.*, 148 F.2d 644, 65 USPQ 143 (2d Cir.), *cert. denied*, 326 U.S. 762 (1945); *Jenn-Air Corp.* v. *Penn Ventilator Co.*, 464 F.2d 48, 174 USPQ 419 (3d Cir. 1972); *Studiengesellschaft*, 616 F.2d 1315 (5th Cir. 1980); *American Home Prods. Corp.* v. *Lockwood Mfg. Co.*, 483 F.2d 1120, 179 USPQ 196 (6th Cir. 1973), *cert. denied*, 414 U.S. 1158 (1974); *Advanced Hydraulics, Inc.* v. *Otis Elevator Co.*, 525 F.2d 477, 186 USPQ 1 (7th Cir.), *cert. denied*, 423 U.S. 869 (1975); *Montgomery Ward & Co.* v. *Clair*, 123 F.2d 878, 51 USPQ 499 (8th Cir. 1941); *Jensen*, 650 F.2d 165 (9th Cir. 1980).

[36] 726 F.2d at 742, 220 USPQ at 851.

stands that the patentee is not acquiescing in the infringement.[37]

Although courts have uniformly recognized that involvement in other litigation may excuse delay in filing suit against alleged infringers, they have been less consistent regarding the circumstances under which it may be appropriately invoked. Several early cases held that merely filing suit against one infringer was sufficient to excuse delay in filing against another infringer.[38] More recent cases have rejected the premise that involvement in other litigation automatically excuses delay. These cases have required the patentee to give notice to the alleged infringer of the existence of the other litigation and of the patent owner's intent to enforce its rights against the alleged infringer after the other litigation ends.[39] In *Watkins* v. *Northwestern Ohio Tractor Pullers Association*,[40] the court explained why notice to the infringer is necessary:

> If the patentee does act to enforce his patent and the alleged infringer is informed of it, he cannot reasonably expect his business will remain unmolested. However, if the alleged infringer does not know about the patentee's actions to enforce the patent, the belief that he will be left alone is still reasonable. The alleged infringer cannot know the patentee's intentions unless the patentee tells him. Notice of the other litigation

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[37] *See Hottel Corp.* v. *Seaman Corp.*, No. 87-1255 (Fed. Cir. Nov. 25, 1987).

[38] *Montgomery Ward*, 123 F.2d 878 ("A suit pending to sustain the validity of a patent is notice to all infringers of the insistence of the patentee upon his claimed rights."); *Clair* v. *Kastar*, 148 F.2d 644.

[39] *A. C. Aukerman*, 693 F.2d at 700, 216 USPQ at 865; *Jensen*, 650 F.2d at 168; *Watkins*, 630 F.2d at 1163; *Studiengesellschaft*, 616 F.2d at 1328, 206 USPQ at 589; *American Home Prods.*, 483 F.2d at 1124, 179 USPQ at 198.

[40] 630 F.2d at 1163.

> informs the alleged infringer that the patentee does not intend to leave him alone. * * *

We agree that, in order to excuse delay based on other litigation, the patentee must give notice to the alleged infringer of the existence of the other litigation and of an intent to enforce its rights against the infringer at the conclusion of the other litigation.[41]

In this case, there is no question that Jamesbury notified Contromatics of the Court of Claims litigation, so it has met the first part of the test. It cannot meet the second part, however. Jamesbury accused Contromatics of infringement in the October 12, 1967 letter and offered to license the patent. Contromatics responded by denying infringement and suggested a meeting to discuss the issue. The meeting did not settle the question, and Jamesbury's final contact with Contromatics, prior to filing suit 8 years later, indicated only that it had submitted Contromatics' position to its attorneys and the subject was under consideration. Jamesbury never clearly indicated that it intended to enforce its rights against Contromatics after the Court of Claims litigation ended. Given the equivocal nature of Jamesbury's contacts with Contromatics, Jamesbury failed to give adequate notice to Contromatics, as concluded by the district court.

Litton argues to this court, as it did to the district court, that Jamesbury's "pattern of litigation" suggested that it did not intend to sue Litton. Litton contends that Jamesbury promptly sued other infringers during the pendency of the Court of Claims litigation, and, since Jamesbury did not sue it during the Court of Claims litigation, it reasonably concluded that Jamesbury did not intend to sue it. The district court properly rejected this argument. As the district court noted, the rationale for the other litigation excuse, that the high cost of patent litigation and

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[41] *See Hottel Corp.*, slip op. at 5.

the comparatively small amounts recoverable from each infringer justify not requiring the patent owner to sue all infringers at the same time, would be defeated by accepting Litton's position.

The district court did not abuse its discretion in granting summary judgment to Litton on the issue of laches.

V. Estoppel

Like laches, estoppel depends on the facts of the particular case and is a matter within the court's discretion which will not be set aside absent a showing of abuse of discretion.[42] However, although the defenses of laches and estoppel are frequently raised together, they have different requirements and different effects on the rights of the patent owner. In order to prove estoppel, the alleged infringer must show (1) unreasonable and inexcusable delay in filing suit, (2) prejudice to the infringer, (3) affirmative conduct by the patentee inducing the belief that it abandoned its claims against the alleged infringer, and (4) detrimental reliance by the infringer.[43] Estoppel prevents the patent owner from obtaining prospective relief, either an injunction or damages for infringement occurring after the filing of suit.[44]

The fundamental differences between laches and estoppel suggest that the presumptions which apply to laches should not apply to estoppel. Estoppel requires representations or conduct by the patentee from which the alleged infringer could reasonably infer that the patentee had abandoned his claim. "For silence to work an estoppel,

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[42] *Studiengesellschaft*, 616 F.2d at 1325, 206 USPQ at 586.

[43] *Young Eng'rs, Inc.* v. *United States Int'l Trade Comm'n*, 721 F.2d 1305, 1317, 219 USPQ 1142, 1153 (Fed. Cir. 1983); *Hottel Corp.*, slip op. at 6-7.

[44] *A. C. Aukerman*, 693 F.2d at 701, 216 USPQ at 866; *Jensen*, 650 F.2d at 169; *Studiengesellschaft*, 616 F.2d at 1325, 206 USPQ at 587.

some evidence must exist to justify an inference that the silence was sufficiently misleading to amount to 'bad faith.' "[45] The silence must be sufficient "to induce the alleged infringer to reasonably infer that the patentee has abandoned his patent claims" against the alleged infringer.[46]

The court in *Naxon Telesign Corp.* v. *Bunker Ramo Corp.*,[47] explained why the burden of proving prejudice should not be shifted from the infringer.

> First, the consequence of a finding of estoppel completely bars a plaintiff from asserting its rights. Moreover, the nature of estoppel is based on a misleading act of the plaintiff and detrimental reliance by the defendant. [Footnote omitted.] • • • Therefore, in light of the severity of the result of a finding of estoppel, a court should not lightly presume injury to the party raising the defense. • • •
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> Secondly, many of the cases which the defendants and the district court relied on regarding the shifting of the burden of proof are either cases dealing with laches [footnote omitted] or cases which found estoppel, but did not shift the burden in doing so. While there is broad language in those cases which arguably could be applied in the estoppel context, it is better to limit such decisions to the facts presented in each case. • • •

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[45] *TWM Mfg. Co.* v. *Dura Corp.*, 592 F.2d 346, 350, 201 USPQ 433, 436 (6th Cir. 1979).

[46] *Hottel Corp.*, slip op. at 8.

[47] *Naxon Telesign Corp.* v. *Bunker Ramo Corp.*, 686 F.2d 1258, 1264, 216 USPQ 658, 663 (7th Cir. 1982).

We agree with the reasoning of the Seventh Circuit and hold that the burden of proof in an estoppel defense cannot be shifted from the alleged infringer.

In this case, the district court relied on the finding of laches to establish the first two elements of estoppel. However, in its discussion of laches, the court specifically dealt with both unreasonable delay and prejudice absent the presumptions. First, we note that the period of delay for estoppel is not necessarily the same as the delay for laches. With estoppel, delay is measured from the time of the misrepresentation or the beginning of the misleading silence. Here, the delay began when Jamesbury notified Contromatics that it had reported Contromatics' position to its attorneys and was considering the matter carefully. The delay by Jamesbury from the time it sent the letter to Contromatics until it filed suit was unreasonable.

The district court also considered the question of material prejudice to Contromatics absent the presumption. The court noted the testimony of Litton's president that had he been president of Contromatics in 1967-68 and known of the allegation of infringement by Jamesbury, he would have sold the corporation rather than make continued capital investments. The court concluded that those investments were uncontroverted evidence of material prejudice. We agree that the capital investments made by Contromatics constitute material prejudice.[48]

The next element of estoppel is a misrepresentation or misleading silence by the patent owner. In 1968, Jamesbury informed Contromatics that it was considering Contromatics' position denying infringement. Jamesbury then had an obligation to inform Contromatics of the results of

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[48] *Studiengesellschaft*, 616 F.2d at 1326-27, 206 USPQ at 590; *American Home Prods.*, 483 F.2d at 1124, 179 USPQ at 199; *Continental Coatings Corp.* v. *Metco, Inc.*, 464 F.2d 1375, 1378, 174 USPQ 423, 425 (7th Cir. 1972).

its "careful consideration." Jamesbury's silence in the face of its obligation to inform Contromatics of the result of its consideration reasonably could have led Contromatics to conclude either that Jamesbury had determined that Contromatics was not infringing or that it would ignore the infringement. Thus, the third element of estoppel is present.

The final element of estoppel is detrimental reliance by the infringer. The district court found detrimental reliance based on the investments in the manufacture of ball valves by Contromatics, and Jamesbury's failure to submit any evidence in rebuttal on this issue. Jamesbury argues that Litton cannot satisfy this element because the notice was given to Contromatics, and Litton cannot rely on the notice to Contromatics. As the district court noted, Jamesbury's position is inconsistent. If Litton cannot rely on the notice to Contromatics, then it is clear that Litton had no notice at all, and Jamesbury's claim would be defeated by both laches and estoppel. The district court properly held Litton liable for the knowledge of Contromatics of the allegation of infringement because Litton was the successor in interest to Contromatics.[49] The corollary to that holding is that Litton is entitled to rely on the lack of communication to Contromatics, as well as to itself, following the letter.

Jamesbury also contends that the district court erred in stating that it had produced no evidence in support of its claim that Litton relied on a noninfringement opinion from its counsel rather than on Jamesbury's inaction. Jamesbury argues that it produced evidence at trial of the existence

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[49] *American Home Prods. Corp.* v. *Lockwood Mfg. Co.*, 173 USPQ 486, 498 (S.D. Ohio 1972) ("From an infringement, laches, discretion, or good conscience point of view, the insertion of 'corporate entity' into this controversy is not in the ends of justice."), *aff'd*, 483 F.2d 1120, 179 USPQ 196 (6th Cir. 1973); *Autoclave Eng'rs, Inc.* v. *Duriron Co.*, 190 USPQ 125 (E.D. Pa. 1976).

of the noninfringement opinion from which an inference can be drawn that Contromatics relied on that opinion rather than any inaction by Jamesbury. Jamesbury, in the motion for summary judgment which is the subject of this appeal, did not assert that this was a material question of fact before the district court and cannot raise it here.[50]

Therefore, the district court did not abuse its discretion in granting summary judgment on the issue of estoppel.

VI. Conclusion

The district court properly determined that the law of the case did not prevent it from reconsidering Litton's motion for summary judgment. The court also correctly held that Litton was entitled to summary judgment on the defenses of laches and estoppel. We affirm the judgment of the United States District Court for the District of Connecticut.

AFFIRMED

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[50] *Chemical Eng'g*, 795 F.2d at 1571, 230 USPQ at 390.

United States Court of Appeals for the Federal Circuit

87-1106

JAMESBURY CORP.,
Plaintiff-Appellant,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Defendant-Appellee.

NIES, *Circuit Judge,* concurring-in-part.

I join Judge Smith's opinion except Part V on estoppel in which I concur in result. We are reviewing a summary judgment grant. Therefore, it is only necessary here to answer Jamesbury's single argument, namely, that there is a disputed fact issue with respect to Litton's detrimental reliance. On that point, I agree that there is no presumption arising from a six-year (or even longer) delay that the alleged infringer detrimentally relied on a patentee's acts. I also agree that the infringer here affirmatively established the detrimental reliance element of estoppel and that there is no genuine factual dispute on the matter.

I join Judge Archer's opinion, which, accordingly, becomes the majority opinion on the issue of estoppel.

United States Court of Appeals for the Federal Circuit

87-1106

JAMESBURY CORP.,
Plaintiff-Appellant,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Defendant-Appellee.

ARCHER, *Circuit Judge,* concurring-in-part.

I join the majority opinion except Part V on estoppel in which I concur in the result.

In Part V, the opinion unnecessarily decides issues not yet resolved by this court. In this case the first two elements of estoppel—unreasonable and inexcusable delay in filing suit and prejudice to the infringer—have been affirmatively established by the evidence without resort to any presumption. Accordingly, it is inappropriate to decide whether the presumptions applicable in a laches analysis apply to the first two elements of estoppel.

I also agree with the concurrence-in-part of Judge Nies.

APPENDIX B

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

JAMESBURY CORP. :

-vs- :

Civil No. H-76-79
(PCD)

LITTON INDUSTRIAL
PRODUCTS, INC. :

RULING ON MOTION FOR SUMMARY JUDGMENT

In this suit for infringement of United States Patent No. 2,945,666 ("666") relating to the manufacture of ball valves, defendant has moved for summary judgment on the three issues: laches, estoppel and prejudgment interest.

Facts

The patent was issued to plaintiff on July 19, 1960. Since 1962, plaintiff has conducted a series of suits to enforce its patent rights. The first was brought against Pacific Valves, Inc. on February 9, 1962, in New Jersey. On July 10, 1963, plaintiff sued the United States in the Court of Claims, listing defendant's predecessor in interest, UTD Corporation, Contromatics Division ("Contromatics"), and nine other corporations as manufacturers violating plaintiff's patent and with whom the United States did business. On April 28, 1965, the Pacific Valves' suit was settled and dismissed.

On May 18, 1965, plaintiff filed suit against Worcester Valve in the District Court of Massachusetts and against Lunkenheimer Company in the Southern District of Ohio on June 2, 1965. Worcester Valve had been named as an infringer in the Court of Claims action. On May 16, 1967,

a preliminary decision was entered by the Court of Claims finding the patent valid and infringed by the United States' purchases of Worcester Valve and Electric Boat Division valves. On October 30, 1970, plaintiff filed a declaratory judgment action against Kitumora Valve Mfg. Company in the Southern District of Texas.

The United States Court of Appeals for the First Circuit held in May of 1971 that Jamesbury, not E.W. Bliss Company (an intervenor in the District of Massachusetts litigation) was the rightful owner of patent 666. *Jamesbury Corp.* v. *Worcester Valve Co.*, 443 F.2d 205 (1st Cir. 1971). On March 2, 1972, the Worcester Valve litigation was settled. The decision by the United States Court of Claims holding Jamesbury's patent valid and infringed became final on October 9, 1975. *Jamesbury Corp.* v. *United States*, 518 F.2d 1384 (Ct. Cl. 1975).

When plaintiff supposedly became aware of the manufacture of ball valves allegedly infringing on plaintiff's patent by Contromatics, it contacted Contromatics on October 12, 1967, alleging infringement and offering to negotiate a settlement. On November 17, 1967, Howard Freeman, President of Jamesbury Corp., informed Contromatics that Jamesbury was then suing the United States to establish the validity of its patent. The parties met on December 14, 1967, but did not resolve their dispute. On January 5, 1968, Freeman wrote to Contromatics saying that the matter had been referred to its attorneys for consideration. Contromatics received no further communication from Jamesbury until the filing of the instant lawsuit.

The suit against Litton Industries was commenced in this court in February 1976. Defendant moved for dismissal on the grounds of laches and equitable estoppel. Judge Blumenfeld, treating the motion as one for summary judgment pursuant to Fed. R. Civ. P. 56, denied the motion because there were questions of fact in dispute.

Jamesbury Corp. v. *Litton Indust. Products, Inc.*, 427 F. Supp. 756 (D. Conn. 1977).

Defendant later moved for summary judgment on the ground of plaintiff's overclaiming. Judge Blumenfeld granted the motion, *Jamesbury Corp.* v. *Litton Indust. Products, Inc.*, 442 F. Supp. 266 (D. Conn. 1977), but was subsequently reversed by the Second Circuit Court of Appeals, 586 F.2d 917 (2d Cir. 1978), *cert. denied*, 440 U.S. 961 (1979). On remand, the case went to trial, where in answers to special interrogatories, the jury decided that the patent was invalid. It did not, therefore, decide the defenses of laches and estoppel. On appeal, the Federal Circuit reversed the jury's verdict on the issue of the patent's validity and granted judgment n.o.v. to plaintiff. *Jamesbury Corp.* v. *Litton Indust. Products, Inc.*, 756 F.2d 1556 (Fed. Cir. 1985). The case was remanded for consideration of the laches and estoppel defenses. Defendant now moves for summary judgment raising three issues: laches, estoppel and prejudgment interest.

Discussion

I. Law of the Case

Plaintiff contends that the law of the case was established by the denial of defendant's motion for a directed verdict at trial and the denial of defendant's original motion for summary judgment. 422 F. Supp. at 760.

A directed verdict, Fed. R. Civ. P. 50(a), is appropriate: (1) where there is no proof on an issue material to the cause of action; and (2) where there are no disputed issues upon which reasonable men could differ. 5A, J. Moore, *Moore's Federal Practice*, ¶ 50.02 (1984). Caution is the rule with motions for directed verdicts. It "is in the best interests of efficient judicial administration for the trial judge to refrain from considering a motion for a directed verdict in favor of deciding a motion for judgment n.o.v." *Mattivi* v. *South African Marine Corp.*, 618 F.2d 163, 166

n.2 (2d Cir. 1980). If a judgment n.o.v. is overturned on appeal the entire case does not then have to be retried. Hence, the denial of a directed verdict cannot be held to have conclusively addressed the arguments raised by defendant.

Similarly, the decision on defendant's original motion for summary judgment is not conclusive.

> [O]n a renewed motion for summary judgment before a second judge, the district court must balance the need for finality against the forcefulness of any new evidence and the demands of justice. With respect to a non-appealable denial of summary judgment, the law of the case is not a limit on the court's jurisdiction, but a rule or practice which may be departed from in the sound discretion of the district court.

Corporacion de Mercadeo Agricola v. *Mellon Bank Int'l*, 608 F.2d 43, 48 (2d Cir. 1979), citing *Dictograph Products Co.* v. *Sonotone Corp.*, 230 F.2d 131 (2d Cir. 1956). The nine year history of this case after the original denials requires this court to consider all developments, including any new facts in the record in deciding this motion.

II. Laches

Defendant first argues that plaintiff's unreasonable delay in prosecuting this case entitles defendant to judgment on the basis of laches. Laches does not bar a patent action; rather, it bars pre-filing damages. *Leinoff* v. *Louis Milona & Sons*, 726 F.2d 734 (Fed. Cir. 1984). "[T]o assert the defense of laches, the defendant must prove two essential elements: (1) unreasonable and inexcusable delay in the assertion of the claim; and (2) material prejudice to the defendant resulting from this delay, but the longer the delay, the less need there is to show specific prejudice." *Id.* at 741. The burden of proving unreasonable delay is on the defendant. Delay beyond the six year statutory

limitation[1] raises a presumption against enforcement, the effect of which was to pass the burden of disproving unreasonableness to the plaintiff. *Id.; accord Naxon Telesign Corp.* v. *Bunker Ramo Corp.*, 686 F.2d 1258, 1265 (7th Cir. 1982).

A patentee's involvement in other enforcement litigation may constitute a reasonable excuse for his failure to prosecute his patent against alleged infringers. *A.C. Aukerman Co.* v. *Miller Formless Co.*, 693 F.2d 697, 700 (7th Cir. 1982); *In re Yarn Processing Patent Validity Litigation*, 602 F. Supp. 159, 169 (W.D. N.C. 1984). Judge Blumenfeld recognized the "litigation excuse" in his decision on the first summary judgment in this case, 427 F. Supp. at 758. However, the law is unclear as to "what preliminary notice a plaintiff must extend to an infringer in order to come within the doctrine." *Id.* at 758. On the one hand, patentees have been required to notify alleged infringers of the intent to sue. *A.C. Aukerman*, 693 F.2d at 700; *Jensen* v. *Western Irrigation & Mfg., Inc.*, 650 F.2d 165, 168 (9th Cir. 1980). On the other hand, courts have held that, as long as the infringer is on notice of the alleged infringement and that the patentee is pursuing the validity of his patent in other litigation, the delay as to other infringers is justified. *Advanced Hydraulics, Inc.* v. *Otis Elevator Co.*, 525 F.2d 477, 481 (7th Cir. 1975); *Jamesbury Corp.*, 427 F. Supp. at 759.[2] Here, under either standard, plaintiff has failed to rebut the presumption.

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[1] While 35 U.S.C. § 286 (1986) technically only limits the amount of damages one may recover to that amount incurred within six years of the filing of the complaint, this statute has universally been viewed as the basis for determining that the proper equitable statute of limitations in a patent case is six years. *Leinoff*, 726 F.2d at 741; *accord Studiengesellschaft Kohle* v. *Eastman Kodak Co.*, 616 F.2d 1315, 206 U.S.P.O. 572 (6th Cir. 1980).

[2] While not directly discussing the issue, the Federal Circuit Court of Appeals noted that the "litigation excuse" may provide a reasonable justification for rebutting the presumption of unreasonable delay pro-

The laches defense in a patent infringement case requires the court to balance the equities.

> It is seemingly unjust that any one should be allowed to infringe a valid patent and deprive its owner of royalty to which the patent entitles him. On the other hand, it is inequitable for a person to sleep on his rights for years and lead another to think that the latter is safe in following counsel's advice that he may manufacture a proposed device with impunity, and then, when he has made extensive investments and built up a prosperous business, penalize him and innocent investors for doing what might have been averted by timely action.

Rome Brader & Machinery Corp. v. *J.D. Adams Mfg. Co.*, 135 F.2d 617, 619 (7th Cir. 1943). When suit is brought more than six years after the alleged infringement is noticed, the burden is placed on the "patentee to demonstrate that the delay was reasonable and that the defendant was not prejudiced." *Leinoff*, 726 F.2d at 741-42.

The original motion was decided on the following facts:

1. On October 12, 1967, plaintiff alleged that defendant's predecessor in interest, Contromatics, was violating plaintiff's patent and offered to negotiate a license.

2. On November 17, 1967, plaintiff's president, Mr. Freeman, wrote to defendant to inform it that plaintiff "was then suing the United States in the Court of Claims to establish the validity and infringement of its patent."

3. On December 14, 1967, the parties discussed the patent issue without resolution. It was at this meeting that plaintiff apparently informed defendant that, as a supplier

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vided the "infringers understood there was no intent to condone their infringements." *Leinoff*, 726 F.2d at 742.

to the United States, defendant's ball valve also might be in issue in the Court of Claims.

4. On January 5, 1968, Freeman wrote back to defendant informing them that: "We have reported your position to our attorneys and the subject is under careful consideration."

See 427 F. Supp. at 757-59. Defendant's motion for summary judgment was denied as defendant was on notice that plaintiff "did not intend to sleep on its rights." *Id.* at 759.

Defendant now raises the following as undisputed facts, resulting from the subsequent proceedings herein:

(a) No later than July of 1963, "Jamesbury became aware that Contromatics manufactured a ball valve that possibly infringed the patent-in-suit." Plaintiff's response to Discovery Request 19.

(b) Jamesbury amended its complaint in the Court of Claims case to identify Contromatics, along with nine other manufacturers, as infringers with whom the United States had done business. Plaintiff's response to Discovery Requests 17, 18; Jamesbury Admissions Nos. 22, 23.

(c) Worcester Valve, defendant in the 1965 Massachusetts infringement suit, was named as an infringer in the amended Court of Claims complaint.

(d) Since the initiation of the Court of Claims case, other alleged infringers have been individually sued, the last of which was filed in 1970. Jamesbury Admissions Nos. 24, 25 and 29. *See* defendant's brief at 13-15.

Defendant's argument that, because plaintiff has either sued or settled with other alleged infringers, it never had any intention of suing defendant must be rejected for the very grounds for which the "litigation excuse" exists—"the high cost of patent litigation and the comparatively moderate amounts recoverable" justifies piecemeal suit of

a number of cases. *Leinoff*, 726 F.2d at 742. "Patentees have no obligation to sue all alleged infringers at the same time." *A.C. Aukerman*, 693 F.2d at 700. The same is true of plaintiff's conduct from 1965-1976. As a review of the undisputed facts reveals, there was an issue as to Jamesbury's ownership of the patent-in-suit, which was apparently not fully resolved until September 20, 1974. Jamesbury's delay, on these facts, cannot be found to have been unreasonable.

While plaintiff's activities between 1965 and 1976 may have been justified on the basis of its reliance on the "litigation excuse," they do not resolve plaintiff's obligation of notice to defendant. As Judge Blumenfeld noted in his denial of the first motion for summary judgment, the critical issue is the manifestation of the patentee's intent with regard to the defendant. The new facts cast serious doubt on plaintiff's assertion that it provided defendant with adequate notice. Plaintiff knew Contromatics was allegedly violating its patent in 1963, more than four years before it contacted defendant in 1967. Indeed, Contromatics was listed in the Court of Claims case, commenced July 10, 1963, as a manufacturer of the ball valves alleged to have violated plaintiff's patent and purchased by the United States. Interestingly, Judge Blumenfeld raised the pre-1967 notice issue as a concern in his decision on defendant's earlier motion. 427 F. Supp. at 758, n.2. These added facts, coupled with the 1967-1968 meetings and correspondence, compel the conclusion that plaintiff either condoned defendant's allegedly illegal behavior or, at the very most, unreasonably delayed the decision to vindicate its claim in court. As plaintiff was aware of its activities for four years and with no objection prior to their 1967 meetings, it was entirely reasonable for defendant to believe that whatever the resolution of the Court of Claims suit, plaintiff was not going to sue defendant. The reasonableness of such a conclusion is apparent in light of the fact that plaintiff's attorney, to whom

defendant communicated its disagreement with the allegation of patent infringement, thereafter never communicated further with defendant on the subject for over eight years. Such silence could reasonably lead to the conclusion that, after "careful consideration," plaintiff had either decided that there was no infringement or that it chose instead to ignore defendant's violation as it had for the four years, 1963-1967. "For the price of a postcard and a stamp, [Jamesbury] could have provided these defendants with notice. . . ." *In re Yarn*, 602 F. Supp. at 171–72. Over the course of twelve years, except for the brief flurry in 1966–1967, plaintiff did nothing to suggest to defendant that its continuing activity was creating a risk for a claim of infringement.

The second prong of laches is proof of material prejudice to defendant resulting from the patentee's delay in asserting his claim. *Leinoff*, 726 F.2d at 741. Delay exceeding six years is again presumptively prejudicial and shifts to the plaintiff the burden of disproving prejudice. *Id.* at 742; *Studiengesellschaft*, 616 F.2d at 1326. Plaintiff has offered no rebuttal of the presumption from the delay in bringing suit. The only evidence on the issue was that of defendant's president, John Kempton, that, had he been president of Contromatics in 1967-1968 and known of plaintiff's allegation of infringement, he would have sold the corporation rather than make continued capital investments. Trial Transcript, 4-106 to 4-107. *Jamesbury*, 427 F. Supp. at 759 (illustrating Judge Blumenfeld's doubt as to the ability of plaintiff to prove that defendant did not rely on plaintiff's delay in expanding its operations). Those investments, even without the aid of the presumption, constitute material prejudice to defendant which plaintiff has not controverted. *Continental Coatings Corp.* v. *Metro, Inc.*, 464 F.2d 1375, 1378 (7th Cir. 1972).

Defendant's motion for summary judgment on the ground of laches is granted. Plaintiff may not recover damages occurring prior to the filing of its complaint.

III. Equitable Estoppel

Defendant's second argument is that plaintiff's behavior equitably estops the prosecution of this case. Unlike laches, equitable estoppel is a complete bar to a plaintiff's suit. Equitable estoppel requires proof of four elements: "(1) an unreasonable and unexcused delay . . . (2) prejudice to the defendant . . . (3) affirmative conduct by the patentee inducing the belief that it had abandoned its claims against the alleged infringer; and (4) detrimental reliance by the infringer." *A.C. Aukerman Co.*, 693 F.2d at 701; *Young Engineers, Inc.* v. *U.S. Int'l Trade Commission*, 721 F.2d 1305, 1317 (Fed. Cir. 1983). The first two elements are found as they were the basis of the laches defense upheld above.

> Mere lapse of time, without more, is not sufficient to ground a defense to estoppel. . . , but notice from a patentee to the defendant that infringement has occurred, accompanied by a threat of enforcement, and followed by an extended period of nonenforcement, is affirmative conduct from which an alleged infringer could reasonably infer that the claim against it had been abandoned.

A.C. Aukerman Co., 693 F.2d at 701-02 (citations omitted); *accord Jensen*, 650 F.2d at 169; *Continental Coatings Corp.*, 464 F.2d at 1378-79. The third element of equitable estoppel is present here.[3] Plaintiff knew of defendant's al-

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[3] Plaintiff claims that defendant cannot satisfy this element because Litton was not aware of the 1967 communications between plaintiff and Contromatics when Litton acquired Contromatics. Plaintiff's argument is inherently inconsistent. If Litton is not deemed privy to the 1967-68 meeting and correspondence between Jamesbury and Contromatics then it is clear that Litton was never notified of the possible patent infringement over the course of nine years. Under such circumstances, both the laches and equitable estoppel defenses would prevent plaintiff from now trying to reap the profits of defendant's established

leged infringement for four years before it first contacted defendant in 1967. Plaintiff concluded its communications with defendant in 1967 and 1968 with the stated intention to give "careful consideration" to the matter. Thereafter, for eight years, plaintiff did nothing. Plaintiff's short assertion of its claim of infringement over the course of twelve years would most certainly constitute a sound basis for a conclusion either that plaintiff had abandoned its claim or determined to condone defendant's infringement.[4] In turn, defendant could well have concluded, as its claims, that its business would be "unmolested," *Continental Coatings,* 464 F.2d at 1380, i.e. that its continued course of conduct was not going to result in liability to plaintiff for the profits generated by its efforts.

The final element necessary for equitable estoppel is detrimental reliance by defendant on plaintiff's activity. Plaintiff, in response to defendant's original motion for summary judgment, argued that it was a question of material fact whether defendant relied on its claim of non-infringement or on the belief that the absence of an active pursuit of plaintiff's rights meant it had abandoned its claim. *Jamesbury,* 427 F. Supp. at 759. Interestingly, Judge Blumenfeld predicted then what is apparent today. "I think it may be difficult for plaintiff to bear the burden of persuasion on this issue." *Id.* Nine years later, after extensive discovery and a full trial, plaintiff has still produced no evidence in support of its burden in this regard. Defendant

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business as the successor in interest to Contromatics. The better argument is that Litton stepped into the shoes of Contromatics and is liable for any knowledge that may be imputed to that firm, but also is entitled to rely on the absence of communication both to Contromatics and to it, especially in view of the fact that apparently Contromatics, along with its employees, was actually subsumed into Litton with little change other than the name on its business cards.

[4] Indeed, the facts of this case mirror closely the facts of *Naxon,* 686 F.2d at 1265-67, and *A.C. Aukerman Co.,* 693 F.2d at 701-02, in both of which the plaintiffs were estopped from suing the defendants.

has come forth with evidence documenting its investment in the manufacture of the ball valves and the resulting income. Trial Transcript, 4-103 to 4-105. The fourth element of equitable estoppel has been met. *See A.C. Auker-man Co.*, 643 F.2d at 702 (holding fourth element satisfied on similar facts).

The decision on laches and equitable estoppel makes it unnecessary to reach the claim prejudgment interest.

Defendant's motion for summary judgment on the issues of laches and equitable estoppel is granted.

SO ORDERED.

Dated at Hartford, Connecticut, this 3rd day of November, 1986.

/s/
Peter C. Dorsey
United Sates District Judge

APPENDIX C

United States Court of Appeals for the Federal Circuit

87-1106

JAMESBURY CORP.,
Plaintiff-Appellant,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Defendant-Appellee.

Judgment

ON APPEAL from the United States District Court for the District of Connecticut

in CASE NO(S). Civil No. H-76-79

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED:

AFFIRMED.

ENTERED BY ORDER OF THE COURT
/s/
Francis X. Gindhart, Clerk

DATED FEB 10 1988

ISSUED AS A MANDATE: April 7, 1988
Costs, Against; Appellant
Printing.....$387.36
Total $387.36

APPENDIX D

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

United States Court of Appeals for the Federal Circuit

87-1106

JAMESBURY CORP.,
Plaintiff-Appellant,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Defendant-Appellee.

Before SMITH, NIES, and ARCHER, *Circuit Judges.*

ORDER

A petition for rehearing having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

FOR THE COURT:

Francis X. Gindhart,
Clerk

3/31/88

Date

cc: Mr. Robert C. Miller
Mr. Donald R. Dunner

FILED
March 31,1988

APPENDIX E

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

United States Court of Appeals for the Federal Circuit

87-1106

JAMESBURY CORP.,
Plaintiff-Appellant,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,
Defendant-Appellee.

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc is declined.

FOR THE COURT:

/s/
Francis X. Gindhart, Clerk

4/13/88
Date

cc: Mr. Robert C. Miller
Mr. Donald R. Dunner

FILED
April 13, 1988

(2)

No. 87-2117

Supreme Court, U.S.
FILED
JUL 29 1988
JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

JAMESBURY CORP.,

Petitioner,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

DONALD R. DUNNER
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER
1775 K Street, N.W.
Washington, D.C. 20006
(202) 293-6850

Counsel for Respondent

Of Counsel:

THOMAS H. JENKINS
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER
1775 K Street, N.W.
Washington, D.C. 20006
(202) 293-6850

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

QUESTION PRESENTED

Jamesbury's "Question Presented For Review" misconstrues the decision below. The Federal Circuit never held that a party cannot cross-appeal if it won below. The Federal Circuit merely, and properly, held that the fact that Litton did not cross-appeal from the denial of a directed verdict motion on its laches and estoppel defenses, when it was fully exonerated by the jury decision on another defense, did not preclude the district court, on remand, from ruling on a summary judgment motion brought by Litton on the laches and estoppel defenses.

Thus, aside from the threshold question of whether this case is certworthy, the only real question presented here is whether Jamesbury is entitled to yet another hearing on its contention that the district court abused its discretion in deciding the summary judgment motion on remand even though the directed verdict motion on the same issue had been denied during the trial.

STATEMENT PURSUANT TO COURT RULE 28.1

Pursuant to Court Rule 28.1, respondent Litton Industrial Products, Inc. states that it is a fully owned subsidiary of Litton Industries, Inc.

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I. STATEMENT OF THE CASE

Jamesbury's statement of the case obscures the issues raised by this petition. Accordingly, Litton has restated the facts for the Court's assistance.

Jamesbury filed this suit in February of 1976—more than twelve years after it became aware that Litton's predecessor was manufacturing the products later accused of infringement and only eighteen months before the patent was to expire. Litton immediately moved to dismiss on the grounds of laches and estoppel. Because both parties presented affidavits and other facts outside the pleadings, the district court treated Litton's motion as one for summary judgment. In February of 1977, the district court denied the motion on the ground that there existed disputed issues of fact. *Jamesbury Corp. v. Litton Industrial Products.*, 427 F. Supp. 756 (D. Conn. 1977). Since the motion was one for summary judgment, the court made no affirmative findings of fact but rather simply resolved disputes in Jamesbury's favor. Thus, for example, on the issue of notice to Litton's predecessor, the court ruled as follows:

> Resolving all ambiguities and disagreements in favor of the party against whom summary judgment is sought, I find that plaintiff has at least presented a question of fact as to whether its 1967-68 actions were sufficient notice of Jamesbury's intention not to acquiesce in any infringement and so overcome a defense of laches in this case.

427 F. Supp. at 758-59. (Citation omitted.)

Following seven years of discovery and pretrial motions, the parties conducted a jury trial on all issues in September of 1983. At the close of the evidence, Litton made several motions for a directed verdict, one of which was a motion for a directed verdict on its laches and estoppel defenses. The judge denied each of these motions and sent the case to the jury.

The jury then found the patent invalid. The judge had earlier instructed the jury not to decide any of the other issues, including laches and estoppel, if it found the patent invalid. Accordingly, the jury reached no other issue. On appeal, the Federal Circuit reversed the invalidity judgment and remanded the case for further proceedings.

Because the facts underlying Litton's laches and estoppel defenses presented at trial were undisputed, Litton then brought a motion for summary judgment on these defenses. In accordance with local rules, Litton specifically identified 26 undisputed facts as grounds for the judgment. In its counterpart statement, Jamesbury did not dispute any of those facts. Instead, Jamesbury merely contended that the court had previously held that there existed disputed issues of fact as to three issues. On November 5, 1986, the district court entered summary judgment in favor of Litton on both laches and estoppel.

In responding to Jamesbury's argument that the earlier denial of the directed verdict motion established the law of the case, the district court ruled the denial could not be held to have conclusively addressed the arguments raised by the summary judgment motion. More specifically, the court noted the Second Circuit rule that " 'it is in the best interests of efficient judicial administration for the trial judge

to refrain from considering a motion for a directed verdict in favor of deciding a motion for judgment n.o.v.' " (citing *Mattivi v. South African Marine Corp., "Huguenot"*, 618 F.2d 163, 166 n. 2 (2d Cir. 1980). [App. A at 27a] The court also noted the Second Circuit rule that " 'on a renewed motion for summary judgment . . . the law of the case is not a limit on the court's jurisdiction, but a rule of practice which may be departed from in the sound discretion of the district court' " (citing *Corporacion de Mercadeo Agricola v. Mellon Bank International*, 608 F.2d 43, 48 (2d Cir. 1979), and *Dictograph Products Co. v. Sonotone Corp.*, 230 F.2d 131 (2d Cir.), *cert. dismissed*, 325 U.S. 883 (1956). [App. A at 28a]

Jamesbury appealed. On appeal, the Federal Circuit affirmed the district court decision. In responding to Jamesbury's law of the case argument, the Federal Circuit noted that the law of the case is a judicially created doctrine, and concurred with the district court that, at the trial level, the doctrine is little more than a management practice to permit logical progression toward judgment. [App. A at 10a] As to Jamesbury's argument that the district court erred because it did not consider the "crucial fact" that Litton failed to cross appeal the denial of the directed verdict, the Federal Circuit responded that failure to appeal had no effect because Litton could not have cross-appealed for either of two reasons. First, there was no judgment on the laches issue, and, second, Litton was not adversely affected by the invalidity judgment. [App. A at 10a] The Federal Circuit also concurred with the defendant's view that the denial of the directed verdict motion did not conclusively determine the issues in the motion because of the preference in favor

of granting a judgment n.o.v. over a directed verdict. [App. A at 11a]

II. ARGUMENT

A. This Case Does Not Raise Issues That Warrant Granting The Writ

This case presents no reviewable issues for this Court. Petitioner's grounds for appeal to this Court hinge solely upon alleged errors in the lower court decisions. This case presents no conflicts between jurisdictions, no constitutional questions, and no questions of major importance. The district court had the discretionary power to decide the summary judgment motion even though a directed verdict motion on the same defenses had been denied earlier. Petitioner is asking this Court to second guess the district court's exercise of discretion and to have a second hearing on the issue. That, however, is not the role of this Court. "[Certiorari] jurisdiction was not conferred upon this Court merely to give the defeated party in the circuit court of appeals another hearing." *Magnum Import Co. v. Coty*, 262 U.S. 159, 163 (1923).

B. The Federal Circuit Correctly Ruled That Failure To Cross-Appeal Had No Bearing On The Law Of The Case

Jamesbury's entire argument turns on its contention that Litton should have appealed the denial of the directed verdict motion that Litton made during the trial. Jamesbury argues that the Federal Circuit erred in stating that Litton could not have appealed this denial because there was no judgment on the laches and estoppel issues and because Litton was not

adversely affected by the judgment. The Federal Circuit, however, did not err in these statements.

Litton could not have appealed the denial of the directed verdict because there was no final decision on the laches and estoppel issues. Only final decisions and specified interlocutory orders, not including denials of a directed verdict motion, are appealable. 28 U.S.C. §§ 1291, 1292. The denial of a directed verdict motion is not a final decision because it is "subject to a later determination of the legal questions raised by the motion" in the form of a judgment n.o.v. Fed. R. Civ. P. 50(b). Moreover, because the jury never reached the laches and estoppel defenses, these issues were not part of the judgment. Thus, no appeal was available from the entry of judgment on the verdict which, in this case, decided only the validity issue in Litton's favor. *Cf. DMI, Inc. v. Deere & Co.*, 802 F.2d 421 (Fed. Cir. 1986) (cross-appeal from a jury verdict of infringement dismissed because no judgment was entered on that verdict).

Furthermore, the judgment fully exonerated Litton and, therefore, there was no adverse judgment from which Litton could take an appeal. The law is well settled that, ordinarily, only a party aggrieved by a judgment may exercise the statutory right to appeal therefrom. *Perez v. Ledesma*, 401 U.S. 82 (1971); *Public Service Comm'n v. Brashear Freight Lines, Inc.*, 306 U.S. 204 (1939); *New York Telephone Co. v. Maltbie*, 291 U.S. 645 (1934); *Corning v. Troy Iron & Nail Factory*, 56 U.S. 451 (1854). The exception to this rule occurs where the decree contains an unnecessary finding that is adverse to the successful party. *See, e.g., Electrical Fittings Corp. v. Thomas & Betts Co.*, 307 U.S. 241 (1939). Here, however, there was no

adverse finding because the jury never reached the laches and estoppel defenses. Thus, the exception does not apply to this case.

The one case cited by Jamesbury in support of its contrary position is *Montgomery Ward & Co. v. Duncan*, 311 U.S. 243 (1940). That case, however, is inapposite. *Montgomery Ward* addressed the question of whether the grant of a judgment n.o.v. under Federal Rule of Civil Procedure 50(b) effected an automatic denial of an alternative motion for a new trial. 311 U.S. at 249-250. The case at bar involves neither a motion for judgment n.o.v. nor a motion for a new trial. In *Montgomery Ward*, this Court merely held that an appellee may cross-appeal for a new trial because of errors of law when an appellant seeks review of a judgment n.o.v. 311 U.S. at 254. Those facts have nothing to do with the question of whether Litton could have appealed the denial of its directed verdict motion.

Even assuming, *arguendo*, that the Federal Circuit misspoke on this issue, however, Jamesbury has not demonstrated why the outcome of this case should be any different. The district court never suggested that Litton could not have cross-appealed from the denial of the directed verdict. The district court merely ruled that the law of the case did not prevent it from exercising its discretion to decide the summary judgment motion. The law is overwhelmingly in support of this proposition.

Contrary to Jamesbury's contentions, the law of the case ordinarily applies only where there has been a final judgment and not to interlocutory rulings. *United States v. United States Smelting, Refining & Mining Co.*, 339 U.S. 186, 199 (1950). Even if Litton could

have cross-appealed as Jamesbury suggests, the law of the case would not apply because clearly Litton was not obligated to cross-appeal. *Id.*[1]

At the trial court level, the doctrine of law of the case "is little more than a management practice to permit logical progression toward judgment." 1B J. Moore, J. Lucas & T. Currier, *Moore's Federal Practice*, ¶ 0.404[1] (2d ed. 1984). Here, the grant of summary judgment was consistent with a logical progression toward judgment. The posture of the case was very different when Litton brought its second summary judgment motion than when the original summary judgment motion was denied in 1976. Seven years of discovery and a full trial had taken place. Denial of the directed verdict motion at trial was proper because judgments n.o.v. are preferred over

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[1] Unlike the instant case, the cases cited by Jamesbury all involved final judgments or decisions by appellate courts. In *Fogel v. Chestnutt*, 668 F.2d 100 (2d Cir. 1981), *cert. denied*, 459 U.S. 828 (1982), the Second Circuit had earlier ruled on liability and, on appeal from the determination of damages, refused to reconsider liability as a result of an intervening Supreme Court case. In *Doe v. New York City Department of Social Services*, 709 F.2d 782 (2d Cir.), *cert. denied*, 464 U.S. 864 (1983), the Second Circuit, in earlier reversing and remanding a case, ruled that a jury question existed on a liability issue and later reversed a judgment n.o.v. on the ground that the earlier decision precluded the district court from overturning the jury verdict. In *Central Soya Co. v. George A. Hormel & Co.*, 723 F.2d 1573 (Fed. Cir. 1983), the Tenth Circuit had decided liability before the creation of the Federal Circuit, and the Federal Circuit, in its review of the later damage determination, refused to reconsider liability issues. Thus, the standards cited from these cases by Jamesbury regarding when one can set aside the law of the case are not applicable to Litton's summary judgment motion.

directed verdicts in jury cases so that the jury verdict will be preserved for appeal. Following remand after reversal of the jury's invalidity holding, Litton renewed its motion for summary judgment in an effort to avoid an unnecessary second trial.

In the face of such logical progression, courts have willingly entered summary judgment after having earlier denied summary judgment or a directed verdict. The leading case in the Second Circuit on this issue is Judge Learned Hand's opinion in *Dictograph Products Co. v. Sonotone Corp.*, 230 F.2d 131 (2d Cir.), *cert. dismissed*, 352 U.S. 883 (1956). In *Dictograph*, as in this case, the renewed summary judgment motion was before a different judge than the first motion. Under a previous Second Circuit case, the second judge had been bound by the first decision. *Dictograph* overruled this earlier case. As Judge Hand explained:

> [T]here is no imperative duty to follow the earlier ruling - only the desirability that suitors shall, so far as possible, have reliable guidance how to conduct their affairs.

230 F.2d at 135. Judge Hand went on to state that the consideration of a renewed summary judgment motion was a matter "of discretion." 230 F.2d at 136.

A more recent Second Circuit case has defined the standard governing consideration of such later filed motions as a balancing test between the need for finality against the forcefulness of any new evidence and the demands of justice. In *Corporacion de-Marcadeo Agricola v. Mellon Bank International*, 608 F.2d 43, 48 (2d Cir. 1979), the court stated the test as follows:

> On appeal, CMA argues that Judge Cannella's denial of Mellon's first motion for summary judgment became the law of the case barring Judge Leval from later granting a similar motion. In *Dictograph Products Company v. Sonotone Corporation*, 230 F.2d 131 (2d Cir. 1956), we set forth the standard which governs consideration of such a motion. We held that on a renewed motion for summary judgment before a second judge, the district court must balance the need for finality against the forcefulness of any new evidence and the demands of justice. With respect to a non-appealable denial of summary judgment, the law of the case is not a limit on the court's jurisdiction, but a rule of practice which may be departed from in the sound discretion of the district court. The first judge always has the power to change a ruling; further reflection may allow a better informed ruling inaccordance with the conscience of the court. *A fortiori*, if the first judge can change his mind after denying summary judgment, and change his ruling, a second judge should have and does have the power to do so as well.

The court went on to uphold the summary judgment. *See also Day v. Amax, Inc.*, 701 F.2d 1258, 1263 (8th Cir. 1983) (court first denied defendant's motion for judgment n.o.v. but awarded a new trial and granted a directed verdict motion on "very similar evidence" at the retrial).

Contrary to Jamesbury's contention, the denial of the directed verdict motion at trial was consistent

with a view that the laches and estoppel issues could be resolved by a later filed motion as a matter of law. The Second Circuit recommends that a judge refrain from granting a directed verdict motion in favor of consideration of a judgment notwithstanding the verdict. *Mattivi v. South African Marine Corp., "Huguenot"*, 618 F.2d 163, 166 n.2 (2d Cir. 1980). Thus, even if the district court had believed that the laches and estoppel defenses could have been resolved in Litton's favor as a matter of law, it properly deferred ruling until a motion for judgment n.o.v. In this case, however, Litton never filed such a motion because it received a dispositive invalidity judgment in its favor, and the jury did not reach the laches and estoppel issues.

In short, the district court's decision to grant the second summary judgment motion was a matter within its discretion. Moreover, the earlier denial of the directed verdict motion at trial does not suggest that the district court abused that discretion. Thus, regardless of whether Litton could or could not have appealed that denial, the district court acted within its discretion.

III. CONCLUSION

For the foregoing reasons, the petition for certiorari should be denied.

Respectfully submitted,

DONALD R. DUNNER
FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER
1775 K Street, N.W.
Washington, D.C. 20006
(202) 293-6850

Counsel for Respondent

Of Counsel:

THOMAS H. JENKINS
FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER
1775 K Street, N.W.
Washington, D.C. 20006
(202) 293-6850

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No. 87-2117

IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

JAMESBURY CORP.,

Petitioner,

v.

LITTON INDUSTRIAL PRODUCTS, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITIONER'S REPLY BRIEF

Of counsel:

RICHARD H. BERNEIKE
COMBUSTION ENGINEERING, INC.
1000 Prospect Hill Road
Windsor, Connecticut
06095-0500
(203) 285-9106

ROBERT C. MILLER
ARTHUR I. NEUSTADT
OBLON, FISHER, SPIVAK,
MCCLELLAND & MAIER, P.C.
1755 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 521-5940

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

Litton, in its response, cites case law dealing with the power of a district court to reconsider its earlier decision where there has been no final judgment and no appeal in the interim.[1] Litton assumes that this law is applicable since, although there was a final judgment in 1983 and an appeal therefrom,[2] this appeal did not include the laches and estoppel issue. However, the only reason the appeal did not include this issue was because Litton chose not to include it. Litton can not benefit by deliberately choosing not to cross appeal. As so aptly articulated by Judge Friendly—"It would be absurd that a party who has chosen not to argue a point on a first appeal should stand better as regards the law of the case than one who had argued and lost."[3] On remand, the district court did not have, as Litton suggests, the discretion to simply change its mind. After a final judgment and an appeal, the law of the case must be followed unless there is a strong showing of changed circumstance[4]

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[1] Corporacion de Mercadeo Agricola v. Mellon Bank International, 608 F.2d 43 (2d Cir. 1979) and Dictograph Products Co. v. Sonotone Corp., 230 F.2d 131 (2d Cir.), cert. dismissed, 325 U.S. 883 (1956).

[2] Jamesbury Corp. v. Litton Industrial Products, Inc., 756 F.2d 1556 (Fed. Cir. 1985).

[3] Fogel v. Chestnutt, 668 F.2d 100, 109 (2d Cir. 1981), cert. denied, 459 U.S. 828 (1982).

[4] "We have repeatedly stated we will not depart from this sound policy [law of the case] absent 'cogent' or 'compelling' reasons." Doe v. New York City Dept. of Social Services, 709 F.2d 782, 789 (2d Cir.), cert. denied, 104 S.Ct. 195 (1983). "The major grounds justifying reconsideration are 'an intervening change of controlling law, the availability of new evidence, or

and there is no dispute in the case at bar that Litton did not even attempt to make such a showing.[5]

Litton, in its response, concludes, with little discussion as to the basis therefor, that this case presents "no questions of major importance."[6] However, in these days of overcrowded dockets and of discussion of removing diversity from federal jurisdiction in order to reduce the federal case load, it is important that, whenever possible, all issues be considered in a first appeal so that a case can be concluded without the necessity of second and subsequent appeals. The Federal Circuit's holding, contrary to this Court's applicable decisions, that a prevailing party has no right to cross appeal, precludes the attainment of this objective. Likewise, in order to conserve valuable judicial resources, it is important that an issue be tried only once unless there is a strong showing of changed circumstance. The Federal Circuit's holding encourages just the opposite by permiting an issue, already once tried, to be tried again with no change in cir-

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the need to correct a clear error or prevent manifest injustice.' " Id.

[5] Had Litton made such a showing, there would have been no need for it to argue that it had no right to cross appeal.

[6] Litton's brief at 4. Litton also asserts "no conflicts between jurisdictions" but the Federal Circuit's decision that a prevailing party has no right to cross appeal is in clear conflict with this Court's decisions in Montogomery Ward & Co. v. Duncan, 311 U.S. 243 (1940) and Dandridge v. Williams, 397 U.S. 471 (1970). Litton also notes that Jamesbury's petition does not involve "constitutional questions." However, two years ago, this Court granted a petition for writ of certiorari in a patent case involving, like the case at bar, an important point of federal civil procedure (the "clearly erroneous" requirement of rule 52(a)). Dennison Mfg. Co. v. Panduit Corp., 106 S.Ct. 1578 (1986).

cumstance as long as the issue was withheld from a prior appeal.

It is respectfully requested that the petition for writ of certiorari be granted.

Respectfully submitted,

ROBERT C. MILLER
ARTHUR I. NEUSTADT
OBLON, FISHER, SPIVAK,
McCLELLAND & MAIER, P.C.
1755 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 521-5940

Of counsel:

RICHARD H. BERNEIKE
COMBUSTION ENGINEERING, INC.
1000 Prospect Hill Road
Windsor, Connecticut 06095-0500
(203) 285-9106